TRANSPORTATION PARTNERSHIPS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Transportation Partnerships Fund as at March 31, 2004 and the statements of revenue, expenditure and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Partnerships Fund as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 8, 2004

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2004	2003
ASSETS		
Current Assets:		
Due from General Revenue Fund (Note 3)	$ 4,183,882	$ 5,135,995
Accounts Receivable	438,022	350,225
	$ 4,621,904	$ 5,486,220
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 152,462	$ 260,440
Long Term Liabilities:		
Deferred Revenue (Note 5)	3,156,533	3,156,533
Net Assets (Statement 2)	1,312,909	2,069,247
	$ 4,621,904	$ 5,486,220

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
For The Year Ending March 31

	2004	2003
Revenue		
Transportation Partnerships Agreement Revenues	$ 1,271,831	$ 1,329,615
Sale of Technology	5,000	-
Interest Revenue (Note 3)	126,277	140,780
Total Revenue	$ 1,403,108	$ 1,470,395
Expenditure		
Highway Improvement Projects	$ 2,051,504	$ 1,698,938
Research & Development Costs	29,680	70,987
Manufacturing Costs	3,286	-
Administrative Expenses (Note 4)	74,976	75,400
Total Expenditure	$ 2,159,446	$ 1,845,325
Deficit for the year	$ (756,338)	$ (374,930)
Net Assets, beginning of year	2,069,247	2,444,177
Net Assets, end of year (Statement 1)	$ 1,312,909	$ 2,069,247

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2004	2003
Cash flows from operating activities:		
Cash Receipts From Transportation Companies	$ 1,174,004	$ 1,347,875
Cash Receipts From Technology Sales	5,000	-
Interest Received	136,308	122,867
Cash Paid For Highway Improvement Projects	(2,232,459)	(1,533,523)
Cash Paid For Research & Development Initiatives	(29,680)	(70,987)
Cash Paid For Manufacturing Costs	(3,286)	-
Cash Paid to R.M. Shareables	-	(1,185)
Cash Paid For Administration	(2,000)	(75,400)
Net (decrease) in cash	(952,113)	(210,353)
due From General Revenue Fund, beginning of year	5,135,995	5,346,348
due From General Revenue Fund, end of year	$ 4,183,882	$ 5,135,995

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2004

1. Authority and Definition of Entity

The Transportation Partnerships Fund was established effective July 1, 1997 pursuant to Section 8 of *The Highways and Transportation Act, 1997*. The purpose of the Fund is to generate revenues to be used for highway improvement projects. The Transportation Partnerships Fund generates revenues subject to the terms of trucking partnership agreements, in which the transportation companies pay the Fund a portion of cost savings achieved from being able to haul overweight and/or over dimension loads. Additional revenues are raised through the marketing of transportation related technology and expertise.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Fund follows the deferral method for contributions. The following accounting principles are considered significant.

a) Revenue recognition –
i) Transportation Partnerships Agreement revenue - recognized in the period the truck haul savings are realized.
ii) Contributions – recognized when received or receivable or when the related expenses are incurred if the contribution is restricted.

b) Cash and cash equivalents consist of amounts on deposit with the General Revenue Fund.

3. Due from General Revenue Fund

The monies of the Transportation Partnerships Fund are deposited in the General Revenue Fund. Under this arrangement, earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate and the transportation Partnerships Fund's average daily bank account balance. The effective interest in the year was 2.79% (2003 – 2.62%).

4. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related as they are controlled by the Government. These financial statements include transactions with other Government agencies. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

During the year, the Fund was charged $74,976 (2003- $75,400) by the Department of Highways and Transportation for salary and administrative expenses. At year-end the Fund owed the Department of Highways and Transportation $73,666 (2003 - $0).

Transportation Partnerships Agreement Revenues include $170,108 (2003 - $87,647), from SaskPower, pursuant to a transportation partnership agreement between the Fund and SaskPower. At year-end SaskPower owed the Fund $30,448 (2003 - $0).

The Fund earned interest income of $126,277 (2003 - $140,780) on monies deposited in the General Revenue Fund. At year-end, the Fund had monies deposited in the General Revenue Fund totaling $4,183,882 (2003 - $5,135,995).

5. Deferred Revenue

In 2001-02, the Fund received $3,156,533 from the Department of Highways and Transportation. The funding will be used to provide financial assistance for eligible Short Line Railways and to improve the transportation infrastructure in Saskatchewan. All monies once repaid and monies not loaned to short line companies will be invested in infrastructure projects.

The monies will be recorded as revenue in the future period that infrastructure project expenditures are incurred.

6. Comparison of Planned and Actual Results

	Budget	Actual	Variance
REVENUE			
Transportation Partnership Agreements	$ 905,000	$ 1,271,831	$ 366,831
Other Revenue	65,000	5,000	(60,000)
Interest Revenue	30,000	126,277	96,277
	$ 1,000,000	$ 1,403,108	$ 403,108
EXPENDITURES			
Road Expenditures	$ 2,622,000	$ 2,051,504	$ 570,496
Other Transportation Initiatives	70,000	32,966	37,034
Administrative Expenses	75,000	74,976	24
	$ 2,767,000	$ 2,159,446	$ 607,554
SURPLUS (DEFICIT) FOR THE YEAR	$(1,767,000)	$(756,338)	$ 1,010,662